

SUBCOMMITTEE 1

FINAL ACTION REPORT

Senate Budget and Fiscal Review

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SUBCOMMITTEE No. 1

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K-12 EDUCATION

6110 CALIFORNIA DEPARTMENT OF EDUCATION

- Appropriated the same level of Proposition 98 Funding for K-12 education programs as proposed by the Governor in 2004-05.
- Provided \$7,007 per pupil in Proposition 98 funds in 2004-05, which represents, according to the Legislative Analyst's Office, an increase of \$120 per pupil over the amount provided in 2003-04.
- Suspended the Proposition 98 minimum guarantee for 2004-05 through a separate budget trailer bill and sets funding \$2 billion below the level that would otherwise be required under the Constitution.
- Rejected the Governor's proposal to shift \$2 billion in funding for 22 education categorical programs into a new revenue limit "add-on" program.
- Provided \$1.3 billion in revenue limit and categorical program enrollment growth and COLA adjustments in 2004-05. This reflects a 0.95 percent ADA growth rate and a 2.41 percent COLA.
- Appropriated \$150 million annually for each fiscal year, beginning in 2006-07, to school districts and community colleges to "settle-up" the state's Proposition 98 obligation to schools and community colleges dating back to the 1995-96 fiscal year and continuing through the 2003-04 fiscal year.
- Approved \$270 million to reduce the deficit factor for revenue limits for school districts and county offices of education. This reduces the 2003-04 base deficit factor from 1.2 percent to 0.3 percent.
- Appropriated \$110.0 million in funding for revenue limit "equalization" in 2004-05 and allocated funds on the basis of average daily attendance using a post SB 727 approach.
- Augmented funding for instructional materials by \$88 million above the Governor's May Revision. Of this amount, \$30 million is directed for purchase of supplemental materials for English learners. In total, the 2004-05 budget provides \$363 million for instructional materials.
- Augmented funding for Deferred Maintenance by \$66.3 million above the Governor's May Revision, which brings total funding to \$250.3 million in the 2004-05 fiscal year.
- Provided \$188 million for purposes of settling the *Williams v. State of California* lawsuit. Of this amount:
 - \$138 million is for instructional materials for students attending schools in the lowest two deciles of the API; and

- \$50 million is set-aside as a part of the budget for unspecified, associated costs related to the *Williams* settlement.
- Denied the Governor's May Revision proposal to provide \$95 million in Proposition 98 Reversion Funds for school libraries and instead uses these and other one-time reversion funds to restore \$119.5 million in funding for child care programs in 2004-05.
- Deferred payment of all education mandates in 2004-05 for a savings of over \$300 million. Consistent with the administration's proposal.
- Appropriated \$58.4 million to buyout old education mandate claims that are no longer subject to audit. These funds are appropriated as a "balancer" to meet appropriation levels reflected in the 2004-05 budget.
- Fully funded the PERS employee costs consistent with the rates recently adopted by PERS. This generated savings of \$141 million compared to the Governor's May Revision because the rates that PERS adopted were lower than the May Revision assumed.
- Adopted \$36 million in the Governor's Budget for the PERS Mitigation Offset in order to assist school districts in making retirement contributions for classified employees.
- Adopted the Governor's May Revision to provide an additional \$31 million in permanent special education funds to assist LEAs in providing mental health related services to children with exceptional needs, pursuant to legislation. This increases total funding for these purposes to \$100 million in 2004-05.
- Adopted the Governor's May Revision to provide \$38.4 million in special education funds to implement revisions to the funding formula for students with exceptional needs who reside in licensed children's institutions and other out-of-home placements.
- Adopted the May Revision proposal of an additional \$29.6 million in federal Title I-Reading First funds for diagnostic reading assessments and remedial reading instruction to young students being considered for referral to special education.
- Authorized \$68 million in federal Title I-School Improvement funding to provide district accountability under the No Child Left Behind Act, per the Governor's May Revision, pursuant to legislation.
- Provided \$3 million in federal Title VI funds for the development of a standards-aligned primary language test, pursuant to legislation.
- Approved the Governor's May Revision to reduce funding for Excess Property Tax Districts by \$2.7 million in order to reduce categorical funding commensurate with an ongoing revenue limit deficit factor of 0.3 percent for LEAs.
- Adopted the May Revision proposal to continue \$7.7 million to provide one more year of funding for the Charter Schools Facilities Grant. The Governor's January budget proposed to eliminate funding for the program.
- Appropriated \$3 million in federal Title VI – Assessment funds, pursuant to legislation, for the development of a standards-aligned primary language test for students who are English language learners.

- Restored reductions proposed by the Governor's Budget for several categorical programs: Early Mental Health Initiative (\$5 million); Healthy Start (\$2 million); and Pre-Intern Program (\$3.5 million - partial restoration).
- Reduced non-Proposition 98 General Funds by \$167 million in 2004-05 to reflect savings associated with refinancing outstanding emergency loans to school districts through the state's Infrastructure Bank, pursuant to legislation.
- Increased non-Proposition 98 General Funds by \$60 million in 2003-04 as a set-aside for an emergency loan to the Vallejo City Unified School District.
- Eliminated funding, per Governor's veto, for the following programs restored by the Legislature: Local Education Art Partnerships (\$6 million); Academic Improvement and Achievement (\$5 million); and School-to-Career (\$1.7 million).
- Reduced funding for the Advancement Via Individual Determination (AVID) program by \$1.3 million (non-98) for advanced placement teacher training and tutoring services pursuant to Governor's veto, bringing total funding for the AVID program to \$9 million in 2004-05.
- Continued funding for Family Empowerment Centers at the 2004-05 level of \$2.7 million. The Governor vetoed an augmentation of \$700,000 in federal special education funding for this purpose.

Budget Trailer Bills

- SB 1101 (Committee on Budget and Fiscal Review) -- Proposition 98 Suspension. Suspended the Proposition 98 minimum guarantee for school districts and community colleges for the 2004-05 fiscal year and set funding \$2,003,996,000 below the level that would otherwise be required by the California Constitution. Chapter 213; Statutes of 2004.
- SB 1108 (Committee on Budget and Fiscal Review) -- Omnibus Education Budget. Made changes to a variety of education related statutes to implement provisions of the 2004-05 Budget Act. Chapter 216; Statutes of 2004.
- SB 1448 (Alpert) – Pupil Assessment. Extended the Standardized Testing and Reporting (STAR) program, with some revisions to grades levels tested and required the development of a primary language test for English learners to replace the Spanish Assessment of Basic Education (SABE). Chapter 233; Statutes of 2004.
- AB 1554 (Keene) – Emergency Loans. Authorized the state to make emergency loans to school districts through lease financing available through the California Infrastructure and Economic Development Bank. Chapter 263, Statutes of 2004.

CHILD DEVELOPMENT

6110 CALIFORNIA DEPARTMENT OF EDUCATION – CHILD DEVELOPMENT

- Reversed the majority of the Governor’s child care reform proposals and restored the programs to their 2003-04 levels using General Fund (Proposition 98), as follows:
 - Approved Governor’s proposal to shift 11- and 12-year-old children from subsidized child care to state and federal after-school programs.
 - Denied administration’s proposal to implement a tiered income eligibility system.
 - Denied Governor’s proposed child care family fee reforms.
 - Rejected Governor’s proposal to implement a tiered reimbursement rate schedule for child care providers.
 - Rejected Governor’s proposal to limit the length of time former CalWORKS recipients can receive subsidized child care services under Stage 3.
 - Denied administration’s proposal to limit the amount of time parents can be enrolled in education and vocational training programs and still retain subsidized child care services.
- Increased funding pursuant to the Governor’s proposal, for the federal 21st Century Learning Centers program, with additional funds specifically targeted at increasing slots for 11- and 12-year olds.
- Provided an additional 5.5 positions for the child development division of the California Department of Education to address compliance issues and develop and disseminate best practices information to practitioners.

HIGHER EDUCATION

6120 CALIFORNIA STATE LIBRARY

- Approved Governor's proposal to reduce funding for Public Library Foundation by \$1.4 million, bringing the total appropriation level for 2004-05 to \$14.4 million.

6420 CALIFORNIA POSTSECONDARY EDUCATION COMMISSION (CPEC)

- Approved operational funding for CPEC, as budgeted.

6440 UNIVERSITY OF CALIFORNIA (UC)

- Approved the majority of the Governor's higher education budget cut proposals.
- Increased undergraduate student fees by 14 percent, graduate student fees by 20 percent, and professional school fees by 30 percent (consistent with the fee increases approved by the UC Board of Regents).
- Provided \$29 million GF augmentation to support student academic preparation and outreach programs at the UC. Governor's proposal would have eliminated all state funding for these programs.
- Denied Governor's proposal to redirect 10 percent of UC's incoming freshman class to the California Community Colleges; adopted trailer bill language (contained in SB 1108, Chapter 216, Statutes of 2004) making student participation in the dual admissions program "voluntary;" and required the UC to redirect \$12 million of internal funding to support any redirected students who accept late offers to attend the UC.
- Sustained Governor's proposal, which does not provide support for either COLA or enrollment growth funding.
- Reestablished the Institute for Labor Studies at the UC and provided an augmentation of \$3.8 million GF to support the continuation of the Institute.
- Fully-funded (\$20 million) the operational start-up costs associated with the development of the new UC Merced campus.
- Accepted the Governor's proposal to decrease the amount of fee revenue set-aside for campus-based financial aid, from the current set-aside level of 33.3 percent to 20 percent.
- Approved all capital outlay projects as proposed by the Administration.

6610 CALIFORNIA STATE UNIVERSITY (CSU)

- Accepted the majority of the Governor's higher education budget cut proposals.
- Increased undergraduate fees by 14 percent and graduate fees by 25 percent. Post-baccalaureate students in the fields of nursing and teaching will have their fees increased by 20 percent increases (consistent with action taken by the CSU Board of Trustees).
- Restored \$7 million GF to support student academic preparation and outreach programs at the CSU. CSU will redirect \$45 million internally to restore full-funding (\$52 million total) for outreach programs. Governor's proposal would have eliminated all state funding for these programs.
- Denied Governor's proposal to redirect 10 percent of CSU's incoming freshman class to the California Community Colleges and provided \$21.1 million GF to support the enrollment costs affiliated with these 3,800 students. Adopted trailer bill language (contained in SB 1108, Chapter 216, Statutes of 2004) requiring the CSU to establish a voluntary dual admissions program.
- Provided an additional \$12.2 million GF to support 0.6 percent enrollment growth at the CSU.
- Sustained Governor's proposal which failed to provide for a COLA.
- Approved Governor's proposal to decrease the amount of fee revenue set-aside for campus-based financial aid, from the current set-aside level of 33.3 percent to 20 percent.
- Approved an unallocated reduction of \$24.4 million associated with the Governor's proposal to charge students the full cost of instruction if they enrolled in over 110 percent of the units required to obtain a degree.
- Approved all Capital Outlay projects as proposed by the Administration.

6600 HASTINGS COLLEGE OF LAW

- Approved fee increases of 30 percent and adopted other associated unallocated reductions, as proposed by the Governor.

6870 CALIFORNIA COMMUNITY COLLEGES

- Increased student fees from \$18 per unit to \$26 per unit, pursuant to the Governor's proposal.

- Denied Governor's proposal to charge community college students with a baccalaureate degree \$50 per unit, and instead provided \$4.8 million General Fund to "backfill" lost fee revenue and hold colleges harmless.
- Provided an additional \$80 million for Equalization, contingent upon the enactment of legislation. Allocation of funds is specified within the Education Omnibus Trailer Bill (SB 1108, Chapter 216, Statutes of 2004).
- Augmented the Governor's proposal to provide 3 percent enrollment growth by \$27 million to instead provide enrollment growth equivalent to 3.67 percent (for a total cost of \$148 million).
- Augmented Governor's noncredit education proposal by \$2 million to increase matriculation services to noncredit students by a total of \$6 million.
- Adopted Governor's proposal to fold the Partnership for Excellence categorical program into the General Apportionments "base" and adopted revised Budget Bill language specifying outcomes, goals, and reporting requirements.
- Reduced, pursuant to Governor's line-item veto, funding available for the Partnership for Excellence program by \$31.4 million, leaving \$193.6 million for the program.
- Augmented the amount of funding available in the current year (by \$28.4 million) for scheduled maintenance, special repairs, instructional equipment, and library materials due to an increase in the 2003-04 Proposition 98 guarantee. Augmentation was pursuant to Governor's May Revision.
- Continued the deferral of \$200 million worth of general apportionment expenditures from June 2005 to July 2005.

7980 CALIFORNIA STUDENT AID COMMISSION

- Rejected the Governor's proposal to decrease the income ceilings for the Cal Grant A and B programs and provided \$11.2 million GF to backfill the proposed reduction.
- Denied the Governor's proposal to decrease the maximum Cal Grant award level for students attending private colleges and universities and restored \$22 million (using an additional \$12.5 million from EdFUND's Student Loan Operating Fund (SLOF) to partially backfill the reduction). Maximum award level will be approximately \$8,300.
- Approved the Governor's proposal to retain Cal Grant funding for student fee increases at UC and CSU.
- Rejected the Governor's proposal to reduce the number of Competitive Cal Grant awards by 5,625.
- Denied the Governor's proposal to reduce the number of Assumption Program of Loans for Education (APLE) warrants and alter the priorities within the program.

- Approved the Governor's proposal to shift \$134 million worth of ongoing Cal Grant costs from the General Fund to the SLOF; and further increased the shift by \$12.5 million to accommodate the restoration of the private Cal Grant award level.